GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:2543
ANSWERED ON:07.03.2003
WORLD BANK LOAN
DR. KIRIT SOMAIYA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government have taken note of objection made by HRD Ministry regarding various finance, loans made available by World Bank to India with stringent conditions;

(b) if so, the details thereof;

(c) the present outstanding loan payable to World Bank along with interest thereon;

(d) whether the internal domestic finance is cheaper than external loan;

(e) if so, whether the Government instructed various Ministries for swapping the external loan at cheaper rate; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) & (b) The agreements with the external funding agencies reflect mutually acceptable programme and project conditions. Therefore, the question of any `stringent or unacceptable` condition in the ongoing loans does not arise.

The World Bank loans are approved and signed by the Government after due inter-ministerial consultations.

(c)The present outstanding loans payable to World Bank is US$ 25 billion. The loans from International Development Agency(IDA) carry a service charge @ 0.75% per annum. The loans from International Bank for Reconstruction and Development(IBRD) carry variable interest rates. For Currency Pool Loans, current interest rate is 4.87 %. For Single Currency Loans, the current rate is 1.55 % (pre- 31.7.1998 loans) and 1.79 % for subsequent loans.

(d) It would depend on terms and conditions of the external loan, domestic interest rates and exchange rate variations over entire tenor of the loan.

(e)No, Sir.

(f) Does not arise.